

PEACH FUZZ



An exclusive membership newsletter published by California Canning Peach Association the cooperative bargaining association in the canning cling peach industry.

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Vol. 53, No.1

February 1, 2023

HIGHLIGHTS OF THE CCPA'S 101ST ANNUAL MEETING

The Association's 101st Annual Meeting was held on Tuesday, January 24 at the Sacramento Hilton Hotel. Our Keynote speaker was Matt Strong, President & CEO of Pacific Coast Producers. Matt provided the audience with a brief overview of how PCP has evolved during its more than 50-year history. He then reviewed the current state of the canned fruit market noting that while food service demand remains strong, the California industry's short crop in 2022 has resulted in an increase in imported canned fruit to meet customer demand. He expressed optimism regarding the current retail sales outlook for canned fruit noting that the category has typically performed well during recessionary cycles. He closed his remarks by noting that PCP has contracted for new plantings in 2023 to address industry's current undersupply position but that it would be several years before the new orchards come into production. In his remarks, President Hudgins expressed his belief that the California cling peach industry was in the best position than it has been in for many years. He noted that it would be necessary to avoid making the same overplanting and over-contracting mistakes that previously occurred in 2016 & 2017 which resulted in several years of an industry oversupply position. He discussed the "Buy American" legislation enacted in California last year which requires California schools to purchase domestic food products unless the price for the foreign sourced product is more than 25% less than domestic product pricing or if the item was not produced in sufficient quantity domestically. He thanked the Ag Council of California staff for their efforts in getting this legislation passed adding that he believed that SB 490 would not have been passed without their efforts. During the organizational meeting of the Peach Association's Board of Directors immediately prior to the Annual Meeting, the Board elected their officers for 2023. Ranjit Davit from Live Oak was re-elected as Board Chairman, Eric Spycher from Ballico was re-elected as Vice Chairman, Leonard Perez from Kingsburg was re-elected as Secretary, and Jasbir Bains from Yuba City was elected as Treasurer. The recently completed 2023 Board of Directors election resulted in one change on the Association's Board. Inderjit Sandhu of Yuba City was elected following Harbhajan Sandhu's decision not to seek re-election in 2023.

YTD CHILLING HOUR AND RAINFALL TOTALS

Chilling hours accumulated as of January 30th continue to run significantly ahead of chilling hour totals for recent years for all reporting areas. With the entire month of February remaining to be tallied, chilling hours at U.C. Davis are just 63 hours below the 921 hour total recorded last year between November 1st-February 28th. YTD rainfall figures are also significantly higher than previous year's figures. The Verona rainfall total of 15.28 inches is 175% of their normal rainfall for July 1-Jan 30th while Davis is at 210% of normal rainfall. The southern areas have experienced higher rainfall totals this year but to a lesser extent than the northern growing areas.

Total Chilling Hours: November 1 - January 30

<u>Area</u>	<u>Current</u>	<u>2021/22</u>	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>
Verona (YC)	977	879	949	849	688
Davis	858	722	668	628	508
Modesto	1,048	813	907	716	696
Parlier	1,005	812	926	781	610

Rainfall Totals (Inches): July 1 – January 30

<u>Area</u>	<u>Current</u>	<u>2021/22</u>	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>
Verona (YC)	15.28	12.00	3.97	7.08	8.68
Davis	21.20	13.90	3.24	8.93	10.07
Modesto	10.68	7.22	4.20	6.02	5.27
Parlier	5.99	5.47	3.43	3.26	4.28

SOUTH AFRICAN FRUIT INDUSTRY STRUCK BY POWER CUTS DURING HARVEST

According to a recent Reuters report, South Africa's state owned utility, Eskom, is extending its worst ever power outages throughout the entire country. Their current "Stage 6" power cuts mean six to eight hours a day without electricity for most South Africans. This has resulted in major disruptions for South African fruit growers as irrigation pumps cannot be operated during power outages (except by using very expensive diesel generators). Cannery operations and cold storage facilities are also impacted by the power cuts with significant fruit losses expected this year on the farms and in the canneries. Eskom officials anticipate that the power issues could continue for at least two more years. The latest Eskom CEO submitted his resignation in December making him the 11th CEO to leave the company in just over 10 years. The cling peach harvest in South Africa is reportedly just past the halfway point with fruit sizing slightly smaller than last year. The 2023 South African peach harvest was expected to be slightly below last year's crop size (subject to further losses due to ongoing power cuts).

RETURN SERVICE REQUESTED

PROJECTED 2023 ACREAGE AND PRODUCTION

The Peach Association’s field staff reports that pullouts since the conclusion of last year’s harvest now total just 368 acres which amounts to 2.7% of the industry’s total bearing acreage in 2022. We have a total of 295 acres of 2020 plantings which will move into the bearing acreage classification for 2023. With very few acres of expected pullouts remaining in the ground, the Association is projecting that the industry will have approximately 13,500 bearing acres for the 2023 harvest (122 acres less than 2022’s bearing acreage position). If our 2023 peach yields achieve the three year average of 15.2 tons/acre, our total production would amount to 206,000 tons which would represent a 0.8% increase over 2022 deliveries. Assuming the “best case” scenario which would be achieving our ten year average yield of 16.5 tons/acre, total production of 223,600 tons would nearly match the California industry’s 2021 crop of 225,262 tons.

**Cling Peach Pullouts
 As of January 30, 2023**

1. By Area

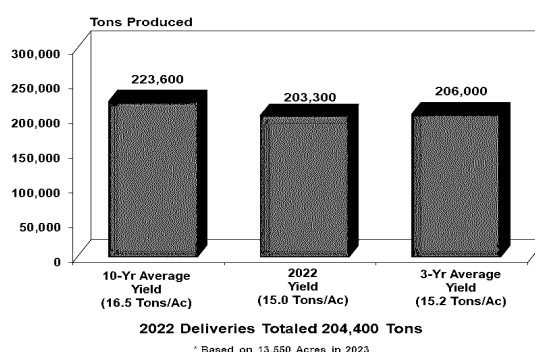
Area	EE Acres	E Acres	L Acres	EL Acres	Total Acres	% of Bearing
Yuba/Sutter	103	83	102	11	299	3.6%
Modesto	50	0	14	2	66	1.6%
Kingsburg	0	0	3	0	3	0.2%
TOTAL	153	83	119	13	368	2.7%

2. By 2022 Processor

Processor	EE Acres	E Acres	L Acres	EL Acres	Total Acres
DMF	51	52	34	2	139
PCP	102	31	80	11	224
All Others	0	0	5	0	5
TOTAL	153	83	119	13	368

Last year pullouts totaled 1,194 acres as of February 4th.

Possible 2023 Peach Crop Scenarios*



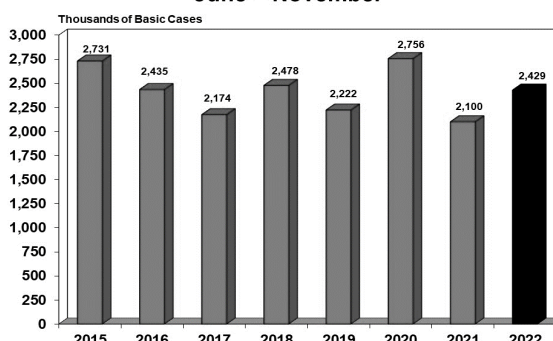
YTD CANNED PEACH IMPORTS UP 16%

Canned peach imports for June-November (first 6 months of 2022/23 marketing year) now total 2,429,352 cases, up 16% from last year’s volume of 2,100,259 cases shipped. Imports for the month of November amounted to 532,034 cases which represents a 27% increase over November, 2021 import volume. China continues to be the leading importer with a 45% increase in YTD volume vs. last year.

**Canned Peach Imports
 June – November
 2020 – 2022**

Country	2020	2021	2022	% Change
China	1,717,677	941,491	1,367,410	+45%
Greece	699,392	755,923	682,314	-10%
Thailand	583	1,421	701	-51%
Chile	126,343	169,725	129,464	-24%
Spain	61,930	84,270	124,335	+48%
South Africa	136,083	121,199	108,799	-10%
All Other	14,162	26,230	16,329	-38%
TOTALS	2,756,170	2,100,259	2,429,352	+16%

**YTD Canned Peach Import Trends
 June – November**



OF INTEREST

- The California Tomato Growers Association has announced that the 2023 canning tomato price has been set at a record level of \$138/ton for the conventional crop. This represents a 31% increase over last year’s \$105/ton price.
- USDA’s Farm Services Agency is now in the process of issuing additional CFAP 2 payments to underserved farmers and ranchers. These payments amount to 15% of a producer’s previous CFAP 2 payment. In order to qualify for this additional payment, the grower must have a Socially Disadvantaged, Limited Resource, Beginning and Veteran Farmer or Rancher Certification on file at the FSA office with a certification for the 2020 program year.
- The Association announced the two Ron Schuler Scholarship recipients for 2022 at last week’s Annual Meeting. Cate Pantaleoni from Gridley and Lauren Martini from Escalon each received \$1,500 scholarship awards.